

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY TO)
REVISE A UTILITY FACILITY)
RELOCATION CHARGE ("UFRC") RATE TO) PSC DOCKET NO. 17-0402
RECOVER COSTS ASSOCIATED WITH THE)
RELOCATION OF GAS UTILITY FACILITIES)
PURSUANT TO 26 DEL. C. §315)
(FILED MAY 31, 2017;)
AMENDED JUNE 14, 2017))

ORDER NO. 9080

This 20th day of June 2017, the Delaware Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on May 31, 2017, Delmarva Power & Light Company ("Delmarva") filed an application, subsequently amended on June 14, 2017 (collectively, the "Application"), seeking approval, pursuant to 26 Del. C. § 315 and 26 Del. Admin. C. § 1009, to establish the rate for the Utility Facility Relocation Charge ("UFRC") to recover certain incurred costs related to the relocation of gas facilities as required or necessitated by Department of Transportation or other governmental agencies; and

WHEREAS, the Application requested the implementation of a UFRC rate increase based on net utility plant additions of \$2,702,647 and a semi-annual depreciation expense of \$10,780. Pursuant to 26 Del. C. §§ 314(b)(5), (7) and 315, the total UFRC rate requested includes net utility plant additions and semi-annual depreciation expenses allowed to go into effect by Order

No. 8912,¹ and Order No. 9010,² bringing the total net utility plant additions for calculation of the UFRC rate in this Docket to \$4,400,540, and the net semi-annual depreciation expense to \$18,313.³ The total UFRC rate requested is also based on an over-recovery of \$190,424 relative to Delmarva's revenue requirement for collections which occurred during calendar year 2016;⁴ and

WHEREAS, the total UFRC rate requested in the Application is 0.33% (the "UFRC Rate");⁵ and

WHEREAS, Staff has reviewed the Application to ensure compliance with the provisions of 26 *Del. C.* §§ 314 and 315 and 26 *Del. Admin. C.* § 1009, and has determined that the requested UFRC Rate does not exceed 5% of the amount billed, as required by 26 *Del. C.* § 314(b)(7);⁶ and

WHEREAS, On May 31, 2017, Staff began the Annual Reconciliation and Audit with Delmarva to discuss and compile the documentation that Staff deemed necessary to complete the audit

¹ July 12, 2016.

² December 20, 2016.

³ See Application, Schedule 1.

⁴ See Application, Amendment, Excel Sheet titled "2016 Revenues."

⁵ This is Delmarva's second application for approval of a UFRC Gas Rate since the regulations were implemented and the Commission issued Order No. 8899 (June 7, 2016) allowing interim rates in Delmarva's most recent gas base rate case. Order No. 8912 (July 12, 2016) addressed a third application for approval of a UFRC Rate, which was filed before Order No. 8899 was issued. Order No. 8912 noted that while the UFRC rate recovering utility plant additions which occurred before the test year of the gas base rate case must be reset to zero on July 15, 2016, "the prospective rate... for projects placed into service," after the test year of the base rate case "may be collected." As such, Delmarva seeks to recover for UFRC costs incurred from January 1, 2016 through April 30, 2017. See Application, Schedule 1.

⁶ Under 26 *Del. C.* §§ 314(b)(7) and 315(c), the UFRC Rate increase shall not exceed 5% of the amount billed within any 12-month period and the level of increase permitted under § 314(b)(7) is limited to the portion of the customer's charge related to the delivery or distribution of natural gas.

of the UFRC component and calculations for the revenues received in Docket No. 15-1601, and the utility plant additions and revenues received in Docket No. 16-0672. Delmarva's calculations for revenues received as a result of these two Dockets formed the basis for the \$190,424 over-recovery which is a component of the UFRC Rate as calculated in the Application set forth above; and

WHEREAS, Staff recommends that the Commission allow the UFRC Rate to go into effect on July 1, 2017, subject to review, audit, and an annual reconciliation (the "Audit") of all items listed on Exhibit "A" of the Application that were included in the calculation of the requested UFRC Rate; and

WHEREAS, the Division of the Public Advocate ("DPA") has requested to be included in the Audit; and

WHEREAS, Staff further recommends that if the Audit reflects that the requested UFRC Rate was improperly calculated, the Commission revise the requested UFRC Rate and provide an appropriate remedy for any UFRC charges improperly collected;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. Pursuant to 26 Del. C. §§ 314 and 315 and 26 Del. Admin. C. § 1009, the Commission will allow the requested UFRC Rate of 0.33% to go into effect on July 1, 2017, subject to the Audit and our final approval.⁷ Delmarva shall cooperate with Staff and the DPA in the conduct of the Audit.

⁷ Consistent with our prior orders, we do not specifically approve this UFRC Rate, but rather will rely on the Audit to ensure compliance with all applicable laws and regulations.

2. If the Commission finds that the UFRC Rate does not comply, in whole or in part, with the statutory prerequisites or was improperly calculated, the Commission may revise the UFRC Rate and provide an appropriate remedy for any UFRC charges improperly collected. Delmarva is hereby notified that it may be obligated to refund or reimburse its customers in such a situation.

3. Pursuant to 26 *Del. C.* §§ 314(b)(8) and 315(c), the Commission reserves jurisdiction and authority to conduct the Audit.

4. Pursuant to 26 *Del. C.* §§ 314(b)(1) and 315(c), Delmarva shall provide information to its customers concerning the UFRC Rate.

5. Delmarva is hereby notified that it will be assessed the costs of this proceeding pursuant to 26 *Del. C.* § 114(b).

6. The Commission reserves the jurisdiction and authority to enter such further orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary